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SECURITY INFORMATION

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German Democratic Republic

DIRECTIVE FOR 1952 FINANCIAL PLANNING IN THE VHZ SCHROTT

1. The provisional 1952 financial plan, set up in September 1951, does not coincide with the actual situation and must be corrected.

2. The change-over from profit planning to loss planning is only a matter of form. Subsidies formerly included in the plan, will now be omitted because their inclusion distorts the true profit and loss picture. Profit planning will be used only where operating profits exceed subsidies, such as in some Sachsen and Thuringen enterprises.

3. A number of changes, formal in nature, will be required in financial practices in connection with the responsibility for each enterprise's accounting practices. These changes will affect a) business taxes, b) turnover taxes, c) central-office fees, d) corporation taxes, and e) the net profit as a result of the measures taken under a-d above.

4. Proposed changes in prices and production will affect the financial plan.

5. Cost calculation will be affected by increased wages, piece work rates, and other types of costs.

6. Lowering of costs: It is evident from the above that it is not easily possible to lower costs. However, the plants must show decreased costs wherever possible.

7. This section deals with comparable production.

8. The period between the middle and the end of February should be the deadline period for the establishment of corrected financial plans. However, if speed is the overriding factor in the establishment of the plans accuracy must be sacrificed.

9. The method of handling the plans for the VEB's (people-owned enterprises).

10. The VHZ Schrott, an intermediary between trade and industry.

11. VEB plans must be strictly observed.

12. The inclusion of the personnel plan into the finance plan.

13. The VEB plan should be set up at the same time as the finance plan.

14. Plant organization must insure full cooperation in the execution of the financial plans.

Since future financial planning is to be based on the BAB's (work brigade accounting sheets), a plan for ~~putting the plant accountant~~ making the plant accountant a financial planner and watchdog over the execution of financial plans should be considered.

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